



October 3, 2018

# How to Optimize, Reinvent, Maximize Your Business



**Rodger Dean Duncan** Contributor ⓘ

Careers

*I cover leadership issues that make or break your workplace experience*

Most business teams want to improve performance. More customers. High profits. Lower overhead. The metrics may vary, but improvement is always the goal.

Someone said a dream is just a dream, while a goal is a dream with a plan and a deadline.

You might set your own deadline, but Steve Sashihara thinks he can help with the plan.

Sashihara is a business consultant and author who writes about optimization, business process improvement, and IT-driven innovation. He's president and CEO of Princeton Consultants, an organization that blends IT and management practices for industry leaders as well as smaller, fast-growing ventures.

He's author of [\*The Optimization Edge: Reinventing Decision-Making to Maximize All Your Company's Assets\*](#). His approach employs mathematics and algorithms packaged with specialized software to sort and organize data. This approach is said to provide management recommendations faster and better than humans can.

more



Who knows? Mathematics and algorithms could help your business grow. PEXELS

**Rodger Dean Duncan:** You write that cutting staff and services isn't really the answer to maximizing assets. So why do so many companies take that approach?

**Steve Sashihara:** Reducing headcount, whether through removing unnecessary activities (“business process reengineering” and “lean”) or simply exporting the work (“outsourcing”), has been a primary play to cut costs in the corporate playbook.

However, in many organizations, this play has been run so many times that it's essentially out of gas. Optimization is worth consideration as a new and effective approach to achieving significantly improved operating efficiencies.

In my book I document how optimization is the secret sauce behind many of today's most vibrant companies, such as Google, Amazon, Walmart, UPS and McDonald's. Their use of optimization, I argue, is at the heart of their rise to category-leading status.

more

**Duncan:** What are the most important principles to following when making decisions on the deployment of organizational assets?

**Sashihara:** The better your decisions are, the more value you will extract from your assets.

Optimization is the improvement in business decision-making by leveraging a special kind of software that gives you more of what you want to achieve. Using rules and criteria that you establish, the software tirelessly evaluates millions or billions of potential choices—and then makes explicit recommendations for action.

Optimization upgrades intuition-based operations into science-based operations, often with game-changing results. For example, one of the world's largest printing companies found that using optimization improved utilization in its complex binding lines by an astounding 10%! In the transportation industry, which demands razor-thin margins, many companies have transformed themselves from unprofitable and shrinking to profitable and growing, simply by optimizing their fleet scheduling.

**Duncan:** In these challenging economic times, how are top performing managers squeezing every ounce of value from their companies?

**Sashihara:** The managerial stars of the coming decade will be the ones who can build organizations that are faster and smarter than their competitors.

Comic books may have us believe otherwise, but it's hard to recruit superheroes that can see through obstacles with X-ray vision, fly around at ultra-high speeds, and miraculously outwit armies of villains. Fortunately, we have technology! With optimization, mere mortals can scan millions of bytes of data in an eye blink, wrestle with thousands of choices, and still be done in time for dinner with the family.

A small team at McDonald's was able to fundamentally change how this storied company evaluated capital investments. Traditionally, these investments were deliberated using simple spreadsheet models that reacted to scenario suggestions made by the executives. The team created an optimizer that proactively recommended solutions. To do so, the optimization software evaluated trillions of possible portfolios, and then served up the hottest, best combinations. The result was a fundamental improvement in capital allocation at a massive scale.

**Duncan:** What are the best ways to break down the language barrier between an organization's "numbers people" and the decision makers?

**Sashihara:** Optimization takes business problems and translates them into math problems for a high-speed computer to process and solve. However, the vast majority of business decision-makers are not computer adepts nor particularly comfortable with math. In the short term, companies should retain outside experts to help bridge the gap between "quants" and "non-quants" in order to apply the phenomenal power of these new technologies to the complex, detailed business problems that require deep subject matter expertise.

In the long term, organizations will need to recruit, train and reward professionals who can bring both sides of the brain into every business situation. Finding opportunities for optimization will be every manager's job, not the exclusive turf of specialists and consulting firms.

**Duncan:** Many so-called strategic plans are little more than aspirational platitudes that gather dust. What advice do you offer for creating strategic plans that really contribute to performance improvement?

**Sashihara:** We helped a domestic agribusiness improve its harvesting through optimization. It was an exciting project that really helped get more productivity out of the fields. Before we got there, if you had asked most people at this company, they would have told you that they had already been using optimization

for years because they had relied on computer models that created a comprehensive, detailed strategy for an entire season. On any given day, however, weather, labor or market conditions could change and invalidate the assumptions used to generate the plan. As a consequence, the company's leaders went through the annual exercise of creating a detailed strategic plan with the best of intentions—and then had to end up ignoring it and run the business the best they could as conditions, literally “on the ground,” changed.

Strategic plans often feel so hollow because for many organizations winning is not about superior strategy, but about superior execution. Even with this knowledge, some strategic plans can still sound like “Let's go out-execute the competition!” Would paratroopers want to hear such empty pep talk as they leap out of a plane behind enemy lines, or would they prefer a remarkably superior weapon? Optimization is the latter.

*Rodger Dean Duncan is the bestselling author of CHANGE-friendly LEADERSHIP: How to Transform Good Intentions into Great Performance. Follow on Twitter @DoctorDuncan*